



Recommendations:

Cambodia's economy has grown rapidly for twenty years, and the country is likely to become a center for labor-intensive manufacturing as costs rise in neighboring Vietnam. Cambodia has low cost but relatively unskilled labor with established textiles and tourism sectors, but high corruption, limited infrastructure, and poor ease of doing business rankings create challenges. ****Good choice for risk-tolerant manufacturers looking for low-cost labor****

- (+) High GDP growth over the past two decades
- (+) Low cost of labor and cost of living
- (+) Special Economic Zones (SEZs) offer tax and regulatory incentives, especially for manufacturers

- (-) Complex regulatory climate & widespread corruption
- (-) Inadequate infrastructure
- (-) Relatively unskilled labor pool with limited English

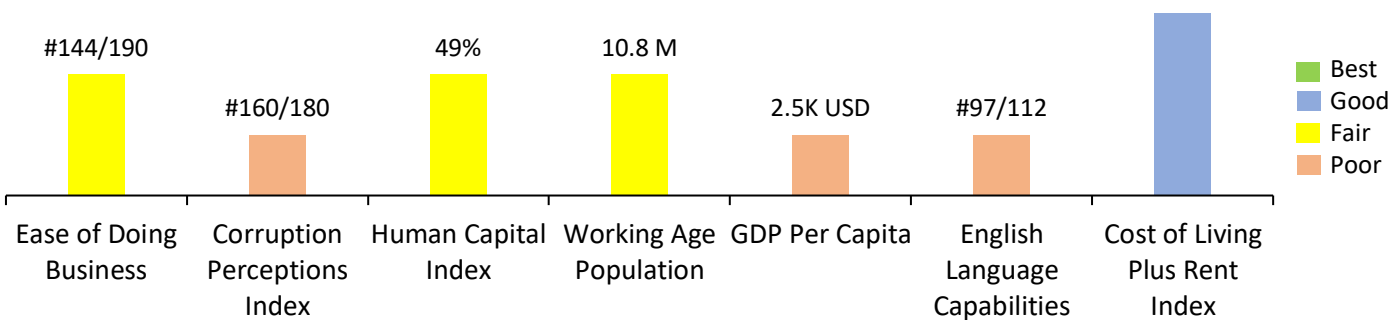
Highlights:

- 7.2% GDP average growth over the 20 years prior to the pandemic
- Special Economic Zones (SEZs) offer low-tax, low-cost areas for manufacturing and distribution
- 21% of FDI consists of investments from China
- Ranked #144 of 190 on Ease of Doing Business Index due to bureaucracy and corruption

"Driven by garment exports and tourism, Cambodia's economy has sustained an average real **growth rate of 7.7%** between 1998 and 2019, making it one of the **fastest-growing economies in the world.**"
- World Bank, 2022

Country Facts:

Population: 17.06 million; 10.8m working age; growing at 1.3%
GDP: \$31.7 billion USD; 1.6% growth in 2021 but projected 5.3% growth in 2022
GNI per capita: \$4250 USD PPP; 4.7% Inflation for 2022; lower-middle-income country
E-Commerce: \$1.1 billion in 2022; growing at 17%
Industries: Textiles/garments, tourism, rubber, construction, mining, oil reserves offshore
Tourism: 21% of GDP prior to the pandemic, with 6.1 million arrivals in 2019; focused on Angkor Wat/Siam Reap



Marketing:

Per capita expenditure: \$2,485 USD
 Internet penetration: 79% (Southeast Asia 69%)
 Shop online: 3.1%
 Mobile ownership: 129%
 Primary messaging: Facebook Messenger
 Primary website: Facebook

Average Labor:

Annual Labor Productivity: \$7,000
 Prof. Salary: \$6,672
 Worker Salary: \$6,480

Infrastructure:

Ports: Fair
 Roads: Fair
 Airfields: Fair
 Railroads: Fair

Opening a Business:

Relevant Laws: Law on Commercial Enterprise, 2005
Time to Incorporate: Approximately 2-3 months depending on business entity and employees; requires multiple steps to include registration with the Ministry of Commerce, Ministry of Labor, and General Department of Taxation, plus obtaining appropriate licenses; fees vary
Paid-in Capital: Normally \$1000 must be deposited in a local bank
Taxes: National Bank of Cambodia must clear transfers of more than \$10k; taxes include an annual patent tax based on company size, 20% profit tax, a 1% minimum tax on revenue, 10% VAT taxes, a salary tax up to 20% for employees, and a 10% rental withholding tax
Restrictions: 100% foreign ownership is possible; foreign companies cannot own land, produce pesticides and other toxic chemicals, or exploit forest resources

BBA Services:

BBA does not have a physical presence in Cambodia but can assist companies across sectors through trusted local partners.
<https://businessbridgeasia.com>